

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1664-01
Bill No.: HB 643
Subject: Counties; Taxation and Revenue - Sales and Use; Taxation and Revenue -
Property; Hospitals
Type: Original
Date: March 4, 2013

Bill Summary: This proposal would permit a county to request voter approval of a proposition to impose a sales tax instead of a property tax for county hospital purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 205.207, RSMo. County Hospital Tax:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would not result in any additional costs or savings to their organization.

BAP officials assume the intent of this proposal is to allow Cooper County to switch the funding mechanism for its hospital from a property tax to a sales tax of no more than 2%. This proposal would have no direct impact on General and Total State Revenues. However, the 1% collection fee for the Department of Revenue (DOR) would increase General and Total State Revenues. BAP notes that taxable sales in Cooper County for 2011 totaled \$150.7 million, according to the DOR annual report.

Officials from the **Office of the Secretary of State** assume the proposal would have no fiscal impact to their organization.

Oversight did not receive any other responses for this proposal.

Oversight assumes this proposal would authorize Cooper County to abolish the existing property tax levy for hospital purposes and, upon voter approval, impose a sales tax of up to two percent.

Property tax revenue

According to the published report “Review of Property Tax Rates” issued by the **Office of the State Auditor (SAO)** for 2012, the current Cooper County tax rate for hospital purposes is fifteen cents per \$100 assessed valuation. Also according to the SAO report, the assessed valuation for the district is \$223,927,068 and the calculated property tax revenue for hospital purposes is \$335,891. **Oversight** notes that the current property tax rate can not be raised without voter approval, since the tax levied is the maximum (ceiling) rate under existing provisions.

ASSUMPTION (continued)

Prospective sales tax revenue

According to the **Department of Revenue (DOR)** Annual Report for FY 2011, the Cooper County General Sales Tax rate is 2%, and sales taxes collected by DOR and distributed to the county totaled \$2,910,210. **Oversight** assumes a 2% sales tax for hospital purposes could generate as much revenue as the county general sales tax.

Oversight assumes that the county would have unknown election costs if the proposition authorized in this proposal was submitted to the voters. If the voters approved the proposition, the current property tax for hospital purposes would be eliminated but the county would have additional revenue from the sales tax. The Department of Revenue would retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

Finally, **Oversight** notes this proposal would only authorize the county to submit the issue to the voters. Since potential election costs would depend on action by the County Commission and changes in property or sales tax revenues would depend on voter approval, this proposal would not have any direct fiscal impact to the state or to local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would permit a county to submit to the voters a proposition to impose a sales tax instead of a property tax for county hospital purposes.


This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of Administration - Division of Budget and Planning
Department of Revenue

Not Responding:

Cooper County
City of Boonville
Cooper County Memorial Hospital



Ross Strope
Acting Director
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